



## **IOWA FINANCE AUTHORITY BOARD MEETING MINUTES**

**Iowa Finance Authority Presentation Room  
2015 Grand Avenue  
Des Moines, Iowa**

**March 5, 2008**

### **Board Members Present**

Roger Caudron, Vice Chair  
Carmela Brown, Treasurer  
Heather Armstrong (via telephone)

Virginia Bordwell  
David Erickson  
Douglas Walter

### **Staff Members Present**

Bret Mills, Executive Director  
Lori Beary, Community Development Director  
Roger Brown, Director of Housing Programs  
Compliance  
Connie Dippel, Housing Production Specialist  
Leo Duffy, Architect/Construction Analyst  
Steven Harvey, Director of Operations  
Craig Johnson, Underwriter  
Shawna Lode, Communications Director  
Susan Mock, Administrative Assistant  
Cinda Motis, Administrative Assistant  
Julie Noland, Senior Technical Analyst  
Lloyd Ogle, Director of Title Guaranty  
Division

Joe O'Hern, Director of Housing  
Carla Pope, Director of Affordable Rental  
Production  
Terri Rosonke, Affordable Assisted Living  
Coordinator  
James Smith, Deputy Director/CFO  
Cynthia Thompson, Tax Credit Underwriter  
Mark Thompson, General Counsel  
David Vaske, Low-Income Housing Tax  
Credit Manager  
Nancy Wallis, Administrative Assistant  
Karen Winchester, Administrative Assistant

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### **Call to Order**

Vice Chair Caudron called to order the March 5, 2008, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Armstrong, Bordwell, Brown, Caudron, Erickson and Walter.

## **Review of Minutes**

### **February 6, 2008, Board Meeting**

Vice Chair Caudron introduced the minutes of the February 6, 2008, meeting of the IFA Board of Directors.

**Motion:** On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously approved the minutes of the February 6, 2008, Board meeting.

## **Low-Income Housing Tax Credit (LIHTC) Program**

### **Resolution – LIHTC 2008 Awards**

Mr. Erickson submitted a letter stating a conflict of interest on the resolution because his partners represent various tax credit applicants. He said he would abstain from discussing and voting on the resolution.

Ms. Pope and Mr. Vaske introduced the resolution approving the 2008 LIHTC awards. Ms. Pope summarized the applications IFA received, stating that 34 applicants requested \$124 million, and staff is recommending awards to 19 projects for a total of \$57,535,860. She used a PowerPoint presentation to show photos and provide details of each project recommended for funding.

**Motion:** Ms. Bordwell made a motion to award 2008 tax credits to the projects and in the amounts listed in the rank master attached to the resolution. On a second by Mr. Walter, a vote was taken with the following results: YES – Armstrong, Bordwell, Brown, Caudron and Walter; NO – None; ABSTAIN – Erickson, due to the conflict of interest previously noted (see attached letter). On a majority vote, the Board approved the resolution awarding the 2008 Low-Income Housing Tax Credits.

## **Administration**

### **SUMMARY & OVERVIEW**

Mr. Mills announced that NeighborWorks America awarded IFA a grant of \$1.5 million for foreclosure prevention counseling. He said that when combined with commitments of matching funds, the grant will total nearly \$2 million. Mr. Mills thanked Ms. Noland for her work preparing the grant application in partnership with staff from Iowa Home Ownership Education Project (IHOEP). He stated that IFA's goal is to help 7,000 Iowa families in 2008 that are at risk of losing their homes.

### **ACCOUNTING & FINANCE**

#### **Review of January Financial Statement**

Mr. Harvey presented the January financial statement, noting that as a housing agency, IFA's year-to-date revenue and expenses are unfavorable to budget, making the year-to-date operating income unfavorable to budget by \$405,677. He summarized various areas of the report.

Mr. Harvey stated that the State Revolving Fund (SRF) year-to-date operating income is just more than \$2.5 million unfavorable to budget, mostly because the 2007 Cap Grants are not yet administratively available to draw.

**Motion:** On a motion by Ms. Brown and a second by Mr. Erickson, the Board unanimously accepted the January financial statement.

## **LEGAL**

### **Resolution – Order Denying Request for Waiver to Skyline Center for Project-Based Housing Program**

Mr. Thompson reviewed the history of the request by Skyline Center, Inc. for a waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan (Iowa Administrative Code Rule 265—19.1). He explained that in January, the Board asked him to issue an order tentatively granting the waiver. Mr. Thompson said IFA staff agreed to research any additional funding that might be available to the project, and that the Board would reconsider the tentative order at the February Board meeting. He added that in February, based on recent applications and a lack of additional funding, the Board voted to have him draft an order denying the request for waiver.

Mr. Thompson introduced the resolution adopting the Order Denying Request for Waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan (Iowa Administrative Code Rule 265—19.1).

**Motion:** Mr. Erickson made a motion to approve the resolution denying the waiver, requested by Skyline Center, Inc., of the rule contained in Section 2.5.9 of IFA’s Project-Based Housing Program Allocation Plan, as adopted and incorporated by Iowa Administrative Code Rule 265—19.1(16), “Trust Fund Allocation Plans;” and pursuant to Iowa Administrative Code Rule 265—18.10(17A,16), to adopt the Order Denying Request for Waiver of Section 2.5.9 of the Project-Based Housing Program Allocation Plan (Iowa Administrative Code Rule 265—19.1). On a second by Ms. Bordwell, the Board voted unanimously to approve the resolution denying the requested waiver of administrative rules.

### **Resolution – SunAmerica Private Letter Ruling Request**

Mr. Thompson introduced a resolution requesting a Private Letter Ruling for the Maple Grove Villa project in West Des Moines. He explained that IFA awarded 4 percent tax credits of \$638,771 to the project in 2001 based on the equity gap method, consistent with the developer’s request. Mr. Thompson said the original general partner was later replaced and the project was placed in service. He noted that from 2003 to 2005, credits were taken on the project even though no 8609 had been issued and no LURA had been recorded against the property.

Mr. Thompson stated that more recently, the new general partner and its syndicator, SunAmerica, requested that IFA increase the amount of tax credits, claiming that the inclusion of certain costs that were omitted by the prior general partner would have resulted in a tax credit award of \$677,795. He explained that rather than issue an amended 8609, IFA’s tax credit counsel, Mr. Tony Freedman, recommended that IFA obtain a Private Letter Ruling (PLR) from the IRS to increase the amount of tax credits.

Mr. Thompson said the proposed resolution authorizes Mr. Freedman to seek the requested PLR on the condition that the project’s owner pay all costs associated with the request.

**Motion:** Mr. Walter made a motion to approve the resolution authorizing IFA staff to work with tax credit counsel to request a PLR from the IRS, permitting additional tax credits to be awarded to the Maple Grove Villa project, on the condition that all costs associated with the request shall

be borne by the project's owner, including all costs incurred to date in connection with the issue. On a second by Ms. Brown, the Board unanimously approved the resolution.

### **Notice of Intended Action – 2008 LIHTC Program Compliance Monitoring Manual**

Mr. Thompson introduced the Notice of Intended Action, but explained that because the accompanying resolution was omitted from the posted meeting agenda, the Board could not adopt the Notice of Intended Action. He stated the Board would hold a telephonic meeting at 11:00 a.m. on March 6, 2008, to consider the resolution and the Notice of Intended Action for the revised 2008 LIHTC Program Compliance Monitoring Manual.

Due to lack of a motion, the Board took no action on the Notice of Intended Action. Mr. Caudron congratulated the compliance staff on a job well done on the compliance manual.

### **LEGISLATIVE**

In the absence of Mr. Jones, Mr. Mills briefly reviewed the update in the Board packet. He reported that all bills IFA introduced have passed out of committee and are now "funnel-proof."

Mr. Mills answered questions from Ms. Bordwell about the Title Guaranty Trust Account Transfer bill.

### **COMMUNICATIONS**

Ms. Lode announced that the National Council of State Housing Agencies awarded IFA the *Best State Legislative Campaign* award for the funnel cake event last year and the legislative efforts surrounding that event. She then reported that IFA will serve funnel cakes again in the capitol rotunda beginning at 1:00 p.m. on March 24, 2008.

Ms. Lode distributed copies of the February 25, 2008, *Iowa Bystander* newspaper that contained a center page cooperative advertisement for IFA and six participating lenders. She said IFA hopes to expand that initiative in other publications around that state, especially during June for National Homeownership Month.

Ms. Lode reported that IFA, the Attorney General's Office and IHOEP launched the Iowa Mortgage Help campaign with a news conference on February 28, 2008. She distributed the press release that was presented at the news conference. Ms. Lode noted that Ms. Noland was instrumental in the development of the grant request and the implementation of the campaign.

### **ECONOMIC DEVELOPMENT PROGRAM**

#### **ED Resolution #05-20B-1, Drake University Project**

Ms. Beary introduced a resolution authorizing the conversion of the interest rate calculation on \$42,800,000 of Iowa Finance Authority Adjustable Rate Revenue Refunding Bonds for the Drake University Project in Des Moines from an auction-rate mode to a daily-rate mode. She explained that the interest rate on these bonds is determined by the result of an auction, but that the recent credit crisis has reduced demand for auction-rate bonds. Ms. Beary said that without sufficient demand, auctions fail and the interest rate defaults to a substantially higher rate. She reported that this resolution would allow these bonds to be converted from auction-rate bonds to variable-rate bonds. Ms. Beary noted that the original bonds were issued on November 1, 2005.

**Motion:** Ms. Brown made a motion to approve the resolution authorizing the conversion of interest rate calculation mode of Iowa Finance Authority Adjustable Rate Revenue Refunding

Bonds (Drake University Project), Series 2005, authorizing the execution and delivery of certain financing documents pertaining to said conversion, and related matters. On a second by Mr. Erickson, the Board unanimously approved ED Resolution #05-20B-1.

#### **ED Resolution #07-39B-1, Midwest Metal Products Project**

Ms. Beary introduced a resolution amending the authorizing resolution for \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds for the Midwest Metal Products Project in Cedar Rapids, Linn County. She reported that the original authorizing resolution listed Wells Fargo Brokerage Services, LLC as the purchaser of the bonds, but that GE Government Finance, Inc. will now purchase the bonds. She also noted that because the new financing structure will not need a trustee, a trust indenture or an official statement, references to those in the original resolution should be ignored.

**Motion:** Ms. Bordwell made a motion to approve a resolution amending the resolution authorizing the issuance of not to exceed \$2,000,000 of Iowa Finance Authority Industrial Development Revenue Bonds (Midwest Metal Products Project), Series 2008, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; and related matters. On a second by Mr. Walter, the Board unanimously approved ED Resolution #07-39B-1.

### **HousingIowa**

#### **SINGLE-FAMILY HOUSING PROGRAMS**

##### **Resolution – Single-Family Purchase Price and Income Limits**

Mr. O'Hern introduced the resolution updating the FirstHome and FirstHome Plus Program purchase price limits and income limits, based on new calculations published annually by HUD. He said that IFA's related brochures will be updated soon.

**Motion:** On a motion by Ms. Bordwell and a second by Mr. Erickson, the Board unanimously approved the FirstHome and FirstHome Plus Program purchase price limits and income limits.

### **Title Guaranty Division (TG)**

Mr. Ogle announced that the TG Board will meet on March 25, 2008, which is later than normal because of Board members' schedules. He said TG hopes to have rules for the Mortgage Release Program and Closing Protection Letters prepared for consideration by the IFA Board in April or May. Mr. Ogle noted that the TG Board would then begin drafting rules for the plant waiver process. When completed, the TG Board would make a recommendation to the IFA Board for final approval.

Mr. Ogle also reported that TG has not yet signed with a new reinsurer for the proposed commercial department, but that he expects it to be completed soon.

### **Water Quality Programs**

Mr. Walter left the room at 11:56 a.m.

### **Resolution – Planning and Design Loans**

Ms. Beary introduced a resolution to approve Planning and Design Loans for the cities of Superior, Ottumwa, Wilton and Salix for a total of \$1,520,900. She noted that with the adoption of this resolution, IFA has approved Planning and Design Loans in FY08 for 33 projects totaling nearly \$17 million.

**Motion:** On a motion by Mr. Erickson and a second by Ms. Bordwell, the Board voted with the following results: YES – Armstrong, Bordwell, Brown, Caudron and Erickson; NO – None; ABSENT FOR VOTE – Walter. On a majority vote, the Board approved the approved the Planning and Design Loan Resolution.

Mr. Walter returned to the meeting at 11:59 a.m.

### **Miscellaneous Items**

#### **Receive Comments from General Public**

Vice Chair Caudron opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Vice Chair Caudron closed the public comment period.

Vice Chair Caudron said the Board would hold a special telephonic meeting at 11:00 a.m. on Thursday, March 6, 2008, and the next regular monthly meeting would be held at 10:45 a.m. on April 2, 2008, in IFA's Presentation Room.

### **Adjournment**

There being no further business, on a motion by Ms. Brown and a second by Mr. Erickson, the March 5, 2008, meeting of the IFA Board of Directors adjourned at 12:01 p.m.

Dated this 2nd day of April 2008.

Respectfully submitted:

Approved as to form:

Bret L. Mills  
Executive Director  
Iowa Finance Authority

Roger J. Caudron, Vice Chair  
Iowa Finance Authority